



EPA Region 5 Records Ctr.



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Elizabeth Bourbon
Sr. Environmental Counsel

April 5, 2005

Craig Melodia, Assoc. Regional Counsel
U.S. Environmental Protection Agency
Office of Regional Counsel (C-14J)
77 W. Jackson
Chicago, IL 60604

Re: Request for Information Pursuant to Section 104(e) of CERCLA for Solvay Coke
and Gas, Milwaukee, Wisconsin

Dear Mr. Melodia:

I am in receipt of your letter dated February 28, 2005, concerning the above-referenced matter, and I have also received and reviewed the information you provided Robert Ehlers with on March 16, 2005, via email. Valero has no information regarding the Solvay Coke and Gas site, nor does its wholly owned subsidiaries, Diamond Shamrock Refining and Marketing Company ("DSRMC") and Diamond Shamrock Refining Company, L.P. ("DSRC"). It is possible that there is some connection to the site on the part of Maxus Energy, which was formerly the Diamond Shamrock Corporation, a separate entity which is not a predecessor of Valero or any of its subsidiaries. The following discussion may provide some clarification of the rather complex corporate restructuring that resulted in the spin-off of Diamond Shamrock from Maxus.

From 1968 through the mid 1980s the business name "Diamond Shamrock" was associated with the oil and gas and chemical businesses. This originates from the merger in 1967 of Diamond Alkali Company, a chemical business headquartered in Cleveland, Ohio, with The Shamrock Oil and Gas Corporation, headquartered in Amarillo, Texas. The surviving corporation was named Diamond Shamrock Corporation, and continued to operate these two core businesses, chemicals and oil and gas, as business units or divisions.

Until 1983, the businesses continued to be conducted under the corporate name, Diamond Shamrock Corporation, and primarily operated as divisions. In 1983 the businesses were reorganized to create separate corporations to own and hold the different core businesses, chemicals and oil and gas, as well as others. This reorganization occurred as follows:

1. On July 19, 1983, a new corporation was formed to become the ultimate parent holding company. As soon as the reorganization was completed, this new corporation was renamed Diamond Shamrock Corporation (and will be referred to as the "new Diamond Shamrock Corporation"). The new Diamond Shamrock Corporation became the ultimate parent of all the Diamond Shamrock subsidiaries, and it also became the publicly traded entity.

2. What had been Diamond Shamrock Corporation (the surviving company of the 1967 merger), changed its name to Diamond Chemicals Company. Diamond Chemicals Company became a wholly-owned subsidiary of the new Diamond Shamrock Corporation.
3. On August 30, 1983, Diamond Shamrock Refining and Marketing Company was incorporated as a Delaware corporation, and it was organized and commenced doing business on August 31, 1983. At that time, DSRMC became the owner of substantially the same assets it holds today, and was made a wholly-owned subsidiary of Diamond Chemicals Company.
4. Soon thereafter, Diamond Chemicals Company (old Diamond Shamrock Corporation) changed its name to Diamond Shamrock Chemicals Company.

Thus, after this first reorganization in 1983, the structure was essentially as follows:

Diamond Shamrock Corporation
(new holding company organized in 1983)

-- parent of --

Diamond Shamrock Chemicals Company
(old Diamond Shamrock Corporation)

-- parent of --

Diamond Shamrock Refining and Marketing Company

In early 1984, there was some additional reorganization. First, on January 26, 1984, Diamond Shamrock Chemicals Company assigned all of the stock of DSRMC to the new Diamond Shamrock Corporation (the new holding company). Shortly thereafter, on February 1, 1984, the new Diamond Shamrock Corporation assigned all the shares of DSRMC to Diamond Shamrock International Energy Company. Diamond Shamrock International Energy Company had been formed as a wholly-owned subsidiary of the new Diamond Shamrock Corporation. Thus, the new Diamond Shamrock Corporation was the main holding company having the two following direct subsidiaries: Diamond Shamrock International Energy Company which owned and conducted the energy businesses; and Diamond Shamrock Chemicals Company which owned and conducted various chemicals businesses. DSRMC was a wholly-owned subsidiary of Diamond Shamrock International Energy Company. On September 4, 1986, Diamond Shamrock Chemicals Company sold its chemical businesses to Occidental Petroleum Corporation (and certain of its subsidiaries).

In early 1987, the reorganization establishing Diamond Shamrock, Inc. as a separate company was concluded. In February 1987, Diamond Shamrock, Inc. was formed as a subsidiary of the new Diamond Shamrock Corporation (from February 1987 until February 1, 1990, Diamond Shamrock, Inc. was known as Diamond Shamrock R & M, Inc.). On April 30, 1987, the new Diamond Shamrock Corporation affected a spin-off (the "Spin-off") of Diamond Shamrock, Inc. to the shareholders of Diamond Shamrock Corporation. That is, the shares of Diamond Shamrock, Inc. had been registered and listed on the New York Stock Exchange, and on April 30, 1987 the shares of Diamond Shamrock, Inc. were distributed as a dividend to the shareholders of the new Diamond Shamrock Corporation. As a result, on April 30, 1987, Diamond Shamrock, Inc. became an entirely separate, publicly traded company with its own officers and board of directors, not affiliated in any way with the new Diamond Shamrock Corporation.

Just prior to the Spin-off on April 30, 1987, DSRMC and all the subsidiary companies operated by DSRMC had been conveyed to Diamond Shamrock, Inc. Thus, as a result of the Spin-off, Diamond Shamrock, Inc., an entirely independent, separate company, was engaged principally in refining crude oil, marketing refined petroleum products, and the natural gas liquids storage and marketing businesses.

Immediately after the Spin-off, what had been the publicly traded new Diamond Shamrock Corporation prior to April 30, 1987, changed its name to Maxus Energy Corporation ("Maxus"), which was headquartered in Houston, Texas. Valero Energy Corporation is a publicly owned company and is completely independent of Maxus and any of its former operations or the operations of any affiliates or predecessors of Maxus.

I hope you find this information helpful and, accordingly, will agree to remove Valero Energy Corporation and/or any of its subsidiaries or affiliates from the list of potentially responsible parties of the Solvay Coke and Gas site.

Please feel free to contact me should you have any questions.

Sincerely,



Elizabeth Bourbon
Environmental/Safety and
Regulatory Affairs Law

cc: Tim George, Environmental Director, Non-Operating Sites
Robert Ehlers, Sr. Environmental Engineer